



Postal Registration No. N. E.—771/2006-2008

The Gazette of Meghalaya

PUBLISHED BY AUTHORITY

No. 13 Shillong, Thursday, June 5, 2008, 15th Jyaistha, 1930 (S. E.)

PART - VII

GOVERNMENT OF MEGHALAYA ORDERS BY THE GOVERNOR

NOTIFICATIONS

The 17th October, 2005.

No.LL(B)10/2005/158.—The following Acts passed by the Parliament and assent by the President of India and published in the Gazette of India Extra Ordinary Part II, Section 1 on the date indicated below is hereby republished for general information.

Sl.No.	Name of Act	Act No. and Year	Date of Publication in the Gazette of India
1.	The Private Security Agencies (Regulation) Act, 2005	No. 29 of 2005	23.7.2005
2.	The Credit Information Companies (Regulation) Act, 2005.	No. 30 of 2005	23.7.2005.
3.	The Hire - Purchase (Repeal)	No. 31 of 2005	23.7.2005.

THE PRIVATE SECURITY AGENCIES (REGULATION) ACT, 2005.

ARRANGEMENT OF SECTION

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THE SCHEDULE.

THE PRIVATE SECURITY AGENCIES (REGULATION) ACT, 2005

AN

ACT

to provide for the regulation of private security agencies and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Fifty-sixth Year of the Republic of India as follows:—

1. (1) This Act may be called the Private Security Agencies (Regulation) Act, 2005.

Short title, extent and commencement.

(2) It extends to the whole of India except the State of Jammu and Kashmir.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In this Act, unless the context otherwise requires,—

Definitions.

(a) “armoured car service” means the service provided by deployment of armed guards along with armoured car and such other related services which may be notified by the Central Government or as the case may be, the State Government from time to time;

(b) “Controlling Authority” means the Controlling Authority appointed under sub-section (1) of section 3;

(c) “licence” means a licence granted under sub-section (5) of Section 7;

(d) “notification” means a notification published in the Official Gazette;

(e) “prescribed” means prescribed by rules made under this Act;

(f) “private security” means security provided by a person, other than a public servant, to protect or guard any person or property or both and includes provision of armoured car service;

(g) “private security agency” means a person or body of persons other than a government agency, department or organisation engaged in the business of providing private security services including training to private security guards or their supervisor or providing private security guards to any industrial or business undertaking or a company or any other person or property;

(h) “private security guard” means a person providing private security with or without arms to another person or property or both and includes a supervisor;

(i) “State Government”, in relation to a Union territory, includes the Administrator of that Union territory appointed by the President under article 239 of the Constitution.

Appointment of
Controlling Authority.

3. (1) The State Government shall, by notification, designate an officer not below the rank of a Joint Secretary in the Home Department of the State or an equivalent officer to be the Controlling Authority for the purposes of this Act.

(2) The State Government may, for efficient discharge of functions by the Controlling Authority, provide it with such other officers and staff as that Government considers necessary.

Persons or Private
Security Agency not
to engage or provide
private security
guard without
licence.

4. No person shall carry on or commence the business of private security agency, unless he holds a licence issued under this Act:

Provided that the person carrying on the business of private security agency, immediately before the commencement of this Act, may continue to do so for a period of one year from the date of such commencement and if he has made an application for such licence within the said period of one year, till the disposal of such application:

Provided further that no private security agency shall provide private security abroad without obtaining permission of the Controlling Authority, which shall consult the Central Government before according such permission.

Eligibility for licence.	5. An application for issue of a licence under this Act shall only be considered from a person after due verification of his antecedents.	
Persons not eligible for licence.	<p>6. (1) A person shall not be considered for issue of a licence under this Act, if he has been—</p> <p>(a) convicted of an offence in connection with promotion, formation or management of a company (any fraud or misfeasance committed by him in relation to the company), including an undischarged insolvent; or</p> <p>(b) convicted by a competent court for an offence, the prescribed punishment for which is imprisonment of not less than two years; or</p> <p>(c) keeping links with any organisation or association which is banned under any law on account of their activities which pose threat to national security or public order or there is information about such a person indulging in activities which are prejudicial to national security or public order; or</p> <p>(d) dismissed or removed from Government service on grounds of misconduct or moral turpitude.</p> <p>(2) A company, firm or an association of persons shall not be considered for issue of a licence under this Act, if, it is not registered in India, or having a proprietor or a majority shareholder, partner or director, who is not a citizen of India.</p>	
	<p>7. (1) An application for grant of licence to a private security agency shall be made to the Controlling Authority in such form as may be prescribed.</p> <p>(2) The applicant shall submit an affidavit incorporating the details in relation to the provisions contained in section 6, ensure the availability of the training for its private security guards and supervisors required under sub-section (2) of section 9, fulfilment of conditions under Section 11 and of cases registered with police or pending in a court of law involving the applicant.</p> <p>(3) Every application under sub-section (1) shall be accompanied by a fee of—</p> <p>(a) rupees five thousand if the private security agency is operating in one district of a State;</p> <p>(b) rupees ten thousand if the agency is operating in more than one but up to five districts of a State; and</p> <p>(c) rupees twenty-five thousand if it is operating in the whole State.</p> <p>(4) On receipt of an application under sub-section (1), the Controlling Authority may, after making such inquiries as it considers necessary and obtaining no objection certificate from the concerned police authority, by order in writing, either grant a licence or refuse to grant the same within a period of sixty days from the date of receipt of application with complete particulars and the prescribed fee:</p> <p>Provided that no order of refusal shall be made unless—</p> <p>(a) the applicant has been given a reasonable opportunity of being heard; and</p>	Application for grant of licence.

(b) the grounds on which licence is refused is mentioned in the order.

(5) A licence granted under this section—

(a) shall be valid for a period of five years unless the same is cancelled under sub-section (1) of section 13;

(b) may be renewed from time to time after the expiry of five years, for a further period of five years on payment of such fee as may be prescribed; and

(c) shall be subject to such conditions as may be prescribed.

8. (1) An application for renewal of licence shall be made to the Controlling Authority, not less than forty-five days before the date of expiry of the period of validity thereof, in such form as may be prescribed and shall be accompanied by the requisite fee and other documents required under sections 6, 7 and 11 of this Act.

Renewal of licence.

(2) The Controlling Authority shall pass an order on application for renewal of licence within thirty days from the date of receipt of application complete in all respects.

(3) On receipt of an application under sub-section (1), the Controlling Authority may, after making such inquiries as he considers necessary and by order in writing, renew the licence or refuse to renew the same:

Provided that no order of refusal shall be made except after giving the applicant a reasonable opportunity of being heard.

9. (1) Every private security agency shall, within six months of obtaining the licence, commence its activities.

Conditions for commencement of operation and engagement of supervisors.

(2) Every private security agency shall ensure imparting of such training and skills to its private security guards and supervisors as may be prescribed:

Provided that the person carrying on the business of private security agency, before the commencement of this Act, shall ensure the required training to its security guards and supervisors within a period of one year from the date of such commencement.

(3) Every private security agency shall, within sixty days from the date of issue of the licence, employ such number of supervisors, as may be prescribed.

(4) A private security agency shall not employ or engage a person as a supervisor unless he fulfils the conditions specified in sub-section (1) of section 10.

(5) While engaging a supervisor of private security guards, every private security agency shall give preference, to a person who has experience of serving in the Army, Navy, Air Force or any other Armed forces of the Union or State Police including armed constabularies and Home Guards for a period of not less than three years.

Eligibility to be a private security guard.

10. (1) A private security agency shall not employ or engage any person as a private security guard unless he—

(a) is a citizen of India or a citizen of such other country as the Central Government may, by notification in the Official Gazette, specify;

(b) has completed eighteen years of age but has not attained the age of sixty-five years;

(c) satisfies the agency about his character and antecedents in such manner as may be prescribed;

(d) has completed the prescribed security training successfully;

(e) fulfils such physical standards as may be prescribed; and

(f) satisfies such other conditions as may be prescribed.

(2) No person who has been convicted by a competent court or who has been dismissed or removed on grounds of misconduct or moral turpitude while serving in any of the armed forces of the Union, State Police Organisations, Central or State Governments or in any private security agency shall be employed or engaged as a private security guard or a supervisor.

(3) Every private security agency may, while employing a person as a private security guard, give preference to a person who has served as a member in one or more of the following, namely:—

(i) Army;

(ii) Navy;

(iii) Air Force;

(iv) any other armed forces of the Union;

(v) Police, including armed constabularies of States; and .

(vi) Home Guards.

Conditions of licence.

11. (1) The State Government may frame rules to prescribe the conditions on which licence shall be granted under this Act and such conditions shall include requirements as to the training which the licensee is to undergo, details of the person or persons forming the agency, obligation as to the information to be provided from time to time to the Controlling Authority regarding any change in their address, change of management and also about any criminal charge made against them in the course of their performance of duties of the private security agency or as the case may be, a private security guard employed or engaged by them.

(2) The State Government may make provision in the rules to verify about imparting of required training by the private security agency under sub-section (2) of section 9 and to review continuation or otherwise of licence of such private security agency which may not have adhered to the condition of ensuring the required training.

12. Every private security agency shall exhibit its licence or copy thereof in a conspicuous place of its business.

Licence to be exhibited.

13. (1) The Controlling Authority may cancel any licence on any one or more of the following grounds, namely:—

Cancellation and suspension of licence.

(a) that the licence has been obtained on misrepresentation or suppression of material facts;

(b) that the licence holder has used false documents or photographs;

(c) that the licence holder has violated the provisions of this Act or the rules made thereunder or any of the conditions of the licence;

(d) that the licence holder has misused information obtained by him during the discharge of his duties as the private security agency to any industrial or business undertaking or a company or any other person;

(e) that the licence holder by using any letter-head, advertisement or any other printed matter or in any other manner represented that the private security agency is an instrumentality of the Government or such agency is or has been using a name different from that for which licence has been granted;

(f) that the licence holder is or has been impersonating or permitting or aiding or abetting any body to impersonate as a public servant;

(g) that the private security agency had failed to commence its activities or to engage a supervisor within the specified time period;

(h) that the licence holder is or has wilfully failed or refused to render the services agreed to any person;

(i) that the licence holder has done any act which is in violation of a court order or an order of a lawful authority or is or has been advising, encouraging or assisting any person to violate any such order;

(j) that the licence holder has violated the provisions of the Acts given in the Schedule which may be modified by the Central Government, by notification in the Official Gazette;

(k) that there have been repeated instances when the private security guard or guards provided by the private security agency.

(i) failed to provide private security or were guilty of gross negligence in not providing such security;

(ii) committed a breach of trust or misappropriated the property or a part thereof which they were supposed to protect;

(iii) were found habitually drunk or indisciplined;

(iv) were found to be involved in committing crimes; or

(v) had connived or abetted a crime against the person or property placed under their charge; or

(1) that the licence holder has done any act which poses a threat to national security, or did not provide assistance to the police or other authority in the discharge of its duties or acted in a manner prejudicial to national security or public order or law and order.

(2) Where the Controlling Authority, for reasons to be recorded in writing, is satisfied that pending the question of cancelling of licence on any of the grounds mentioned in sub-section (1), it is necessary to do so, that Controlling Authority may, by order in writing, suspend the operation of the licence for such period not exceeding thirty days as may be specified in the order and require the licence holder to show cause, within fifteen days from the date of issue of such order, as to why the suspension of the licence should not be extended till the determination of the question of cancellation.

(3) Every order of suspending or cancelling of a licence shall be in writing and shall specify the reasons for such suspension or cancellation and a copy thereof shall be communicated to the person affected.

(4) No order of cancellation of licence under sub-section (1) shall be made unless the person concerned has been given a reasonable opportunity of being heard.

Appeals.

14. (1) Any person aggrieved by an order of the Controlling Authority refusing the licence under sub-section (4) of section 7 or renewal under sub-section (3) of section 8 or order of suspension of licence under sub-section (2) of section 13 or cancellation of licence under sub-section (1) of that section, may prefer an appeal against that order to the Home Secretary of the State Government within a period of sixty days of the date of such order:

Provided that an appeal may be admitted after the expiry of the said period of sixty days if the appellant satisfies the State Government that he has sufficient cause for not preferring the appeal within that period.

(2) Every appeal under sub-section (1) shall be made in such form as may be prescribed and shall be accompanied by a copy of the order appealed against.

(3) Before disposing of an appeal, the State Government shall give the appellant a reasonable opportunity of being heard.

Register to be maintained by a private agency.

15. (1) Every private security agency shall maintain a register containing—

(a) the names and addresses of the persons managing the private security agency;

(b) the names, addresses, photographs and salaries of the private security guards and supervisors under its control;

(c) the names and addresses of the persons whom it had provided private security guards or services; and

(d) such other particulars as may be prescribed.

(2) The Controlling Authority may call for such information as it considers necessary from any private security agency, supervisor or private security guard to ensure due compliance of the Act.

Inspection of
licence, etc.

16. The Controlling Authority or any other officer authorised by it in this behalf may at any reasonable time, enter the premises of the private security agency and inspect and examine the place of business, the records, accounts and other documents connected with the licence and may take copy of any document.

Issue of photo
identity

17. (1) Every private security guard shall be issued a photo identity card, by the private security agency employing or engaging the guard.

(2) The photo identity card under sub-section (1) shall be issued in such form as may be prescribed.

(3) Every private security guard or supervisor shall carry on his person the photo identity card issued under sub-section (1) and shall produce it on demand for inspection by the Controlling Authority or any other officer authorised by it in this behalf.

Disclosure of
information to
unauthorised
person.

18. (1) Any person who may be or has been employed or engaged as a private security guard by the private security agency shall not divulge to anyone other than the employer, or in such manner and to such person as the employer directs, any information acquired by him during such employment with respect to the work which he has been assigned by such employer, except such disclosure as may be required under this Act or in connection with any inquiry or investigation by the police or as may be required by an authority or process of law.

(2) All private security guards of a private security agency shall render necessary assistance to the police or to such authority in the process of any investigation pertaining to the activities of that agency.

(3) If violation of any law is noticed by any private security guard during the course of discharge of his duties, he shall bring it to the notice of his superior, who in turn shall inform the police either through his employer or agency or on his own.

19. The State Government may, by notification, direct that any power or function (except the powers to make rules under Section 25)—

Delegation.

(a) which may be exercised or performed by it, or

(b) which may be exercised or performed by the Controlling Authority,

under this Act, may, in relation to such matter and subject to such conditions, if any, as may be specified in the notification, be also exercised or performed by such officer or authority subordinate to the Government or officer subordinate to the Controlling Authority, as may be specified in such notification.

20. (1) Any person who contravenes the provisions of Section 4 shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to twenty-five thousand rupees, or with both.

Punishment for
contravention of
certain provisions.

(2) Any person or private security agency who contravenes, the provisions of Sections 9, 10 and 12 of the Act, shall be punishable with a fine which may extend to twenty-five thousand rupees, in addition to suspension or cancellation of the licence.

21. If any private security guard or supervisor wears the uniform of the Army, Air force, Navy or any other armed forces of the Union or Police or any dress having the appearance or bearing any of the distinctive marks of that uniform, he and the proprietor of the private security agency shall be punishable with imprisonment for a term which may extend to one year or with fine which may extend to five thousand rupees, or with both.

Penalty for unauthorised use of certain uniforms.

22. (1) Where an offence under this Act has been committed by a company, every person who at the time the offence was committed was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Offences by companies.

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or is attributable to, any neglect on the part of any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

Indemnity

23 No suit, prosecution or other legal proceeding shall lie against the Controlling authority or any other officer authorised by it in respect of anything in good faith done or intended to be done under this Act.

Framing of model rules for adoption by States.

24. The Central Government may frame model rules in respect of all or any of the matters with respect to which the State Government may make rules under this Act, and where any such model rules have been framed the State Government shall, while making any rules in respect of that matter under Section 25, so far as is practicable, conform to such model rules.

Power of State Government to make rules.

25. (1) The State Government may, by notification, make rules for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:—

(a) the procedure for verification of character and antecedents under clause (c) of sub-section (1) of Section 10; the type of training under clause (d) of sub-section (1) of Section 10; the physical standard under clause (e) of sub-section (1) of Section 10; and other conditions under clause (f) of sub-section (1) of Section 10;

(b) the number of supervisors to be employed under sub-section (3) of Section 9;

(c) the form of an application for grant of licence under sub-section (1) of Section 7;

(d) the form in which the licence to be granted under sub-section (4) of Section 7 and conditions subject to which such licence to be granted under Section 11;

(e) the form of an application for renewal of licence under sub-section (1) of Section 8;

(f) the form under sub-section (2) of Section 14 for preferring an appeal;

(g) particulars to be maintained in a register under sub-section (1) of Section 15;

(h) the form in which photo identity card under sub-section (2) of Section 17 be issued;

(i) any other matter which is required to be, or may be, prescribed.

(3) Every rule made by the State Government under this section shall be laid, as soon as may be after it is made, before each House of the State Legislature where it consists of two Houses, or where such Legislature consists of one House, before that House.

(4) In respect of Union Territories, every rule made to carry out the provisions of the Act shall be laid before each House of Parliament and where there exists a Legislative Assembly, before that Assembly.

THE SCHEDULE

[See Section 13 (1)(j)]

- (1) The Payment of Wages Act, 1936 (4 of 1936).
- (2) The Industrial Disputes Act, 1947 (14 of 1947).
- (3) The Minimum Wages Act, 1948 (11 of 1948).
- (4) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (19 of 1952).
- (5) The Payment of Bonus Act, 1965 (21 of 1965).
- (6) The Contract Labour (Regulation and Abolition) Act, 1970 (37 of 1970).
- (7) The Payment of Gratuity Act, 1972 (39 of 1972).
- (8) The Equal Remuneration Act, 1976 (25 of 1976).
- (9) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 (30 of 1979).

**THE CREDIT INFORMATION COMPANIES (REGULATION) ACT,
2005**

ARRANGEMENT OF SECTIONS

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THE SCHEDULE.

THE CREDIT INFORMATION COMPANIES (REGULATION) ACT.

2005

An

Act,

to provide for regulation of credit information companies and to facilitate efficient distribution of credit and for matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Fifty-sixth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Credit Information Companies (Regulation) Act, 2005.

Short title, extent and commencement.

(2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint:

Provided that different dates may be appointed for different provisions of this Act, and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

Definitions.

2. In this Act, unless the context otherwise requires,—

(a) “board” means the Board of Directors of a credit information company;

(b) “borrower” means any person who has been granted loan or any other credit facility by a credit institution and includes a client of a credit institution;

(c) “client” includes—

(i) a guarantor or a person who proposes to give guarantee or security for a borrower of a credit institution; or

(ii) a person—

(A) who has obtained or seeks to obtain financial assistance from a credit institution, by way of loans, advances, hire purchase, leasing facility, letter of credit, guarantee facility, venture capital assistance or by way of credit cards or in any other form or manner;

(B) who has raised or seeks to raise money by issue of security as defined in clause (h) of Section 2 of the Securities Contracts (Regulation) Act, 1956, or by issue of commercial paper, depository receipt or any other instrument;

(C) whose financial standing has been assessed or is proposed to be assessed by a credit institution or any other person or institution as may, by notification, be directed by the Reserve Bank;

(d) “credit information” means any information relating to—

42 of 1956

(i) the amounts and the nature of loans or advances, amounts outstanding under credit cards and other credit facilities granted or to be granted, by a credit institution to any borrower;

(ii) the nature of security taken or proposed to be taken by a credit institution from any borrower for credit facilities granted or proposed to be granted to him;

(iii) the guarantee furnished or any other non-fund based facility granted or proposed to be granted by a credit institution for any of its borrowers;

(iv) the credit worthiness of any borrower of a credit institution;

(v) any other matter which the Reserve Bank may, consider necessary for inclusion in the credit information to be collected and maintained by credit information companies, and, specify, by notification, in this behalf;

(e) "credit information company" means a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration under sub-section (2) of Section 5; 1 of 1956.

(f) "credit institution" means a banking company and includes—

(i) a corresponding new bank, the State Bank of India, a subsidiary bank, a co-operative bank, the National Bank and regional rural bank;

(ii) a non-banking financial company as defined under clause (1) of section 45-I of the Reserve Bank of India Act, 1934; 2 of 1934.

(iii) a public financial institution referred to in Section 4A of the Companies Act, 1956; 1 of 1956.

(iv) the financial Corporation established by a State under Section 3 of the State Financial Corporation Act, 1951; 63 of 1951.

(v) the housing finance institution referred to in clause (d) of Section 2 of the National Housing Bank Act, 1987; 53 of 1987.

(vi) the companies engaged in the business of credit cards and other similar cards and companies dealing with distribution of credit in any other manner;

(vii) any other institution which the Reserve Bank may specify, from time to time, for the purposes of this clause;

(g) "credit scoring" means a system which enables a credit institution to assess the credit worthiness and capacity of a borrower to repay his loan and advances and discharge his other obligations in respect of credit facility availed or to be availed by him;

(h) "notification" means a notification published in the Official Gazette of India;

(i) "prescribed" means prescribed by rules made under this Act;

(j) "regulations" means regulations made by the Reserve Bank under this Act;"

2 of 1934. (k) "Reserve Bank" means the Reserve Bank of India constituted under Section 3 of the Reserve Bank of India Act, 1934;

(l) "specified user" means any credit institution, credit information company being a member under sub-section (3) of Section 15, and includes such other person or institution as may be specified by regulations made, from time to time, by the Reserve Bank for the purpose of obtaining credit information from a credit information company;

2 of 1934. (m) words and expressions used herein and not defined in this Act but defined in the Reserve Bank of India Act, 1934 or the Banking
10 of 1949. Regulation Act, 1949 or the Companies Act, 1956 shall have the meanings
1 of 1956. respectively assigned to them in those Acts.

CHAPTER II

REGISTRATION OF CREDIT INFORMATION COMPANIES

3. Save as otherwise provided in this Act, no company shall commence or carry on Prohibition to the business of credit information without obtaining a certificate of registration from the Reserve Bank under this Act.

Prohibition to
commence or carry
on business of
credit information.

4. (1) Every company which intends to commence the business of credit information Application for shall make an application for registration to the Reserve Bank in such form and manner as registration, may be specified by regulations.

Application for
registration.

(2) Every credit information company, in existence on the commencement of this Act, before the expiry of six months from such commencement, shall apply in writing to the Reserve Bank for obtaining a certificate of registration under this Act:

Provided that in the case of a credit information company in existence on the commencement of this Act, nothing in Section 3 shall be deemed to prohibit such credit information company from carrying on the business of a credit information company, until it is granted a certificate of registration or is by notice in writing informed by the Reserve Bank that a certificate of registration cannot be granted to it.

5. (1) The Reserve Bank may, for the purpose of considering the application of a Grant of company for grant of a certificate of registration to commence or carry on the business of credit information, require to be satisfied, by an inspection of records or books of such company or otherwise that the following conditions are fulfilled, namely:—

Grant of certificate
of registration.

(a) that the applicant company has minimum capital structure referred to in , Section 8;

(b) that the general character of the management or the proposed management of the applicant company shall not be prejudicial to the interest of its specified users, clients or borrowers, or other credit information companies;

(c) that any other condition, the fulfilment of which in the opinion of the Reserve Bank, shall be necessary to ensure that the commencement or carrying on of the business of credit information by the applicant company shall not be detrimental or prejudicial to the public interest or banking policy or credit system or its specified users or clients or borrowers or other credit information companies or others who would provide credit information to the credit information companies.

(2) The Reserve Bank may, after being satisfied that the conditions as referred to in sub-section (1) are fulfilled, grant a certificate of registration to the applicant company to commence or carry on the business of credit information, subject to such conditions which it may consider fit to impose and if the company fails to fulfil any of such conditions or any of the provisions of this Act, the application of the company shall be rejected:

Provided that no application shall be rejected unless the applicant has been given an opportunity of being heard.

(3) The Reserve Bank may, having regard to the available business of credit information, the potential and scope for expansion of existing credit information companies and other relevant factors, determine the total number of the credit information companies which may be granted the certificates of registration for carrying on the business of credit information:

Provided that the total number of such credit information companies so determined may, on being satisfied by the Reserve Bank, that there is change in available business of credit information, potential and scope for expansion of existing credit information companies and other relevant factors relating thereto, be reviewed by the Reserve Bank.

Power of Reserve Bank to cancel certificate of registration.

6. (1) The Reserve Bank may cancel a certificate of registration granted to a credit information company under sub-section (2) of section 5 if such company,—

(i) ceases to carry on the business of credit information; or

(ii) has failed to comply with any of the conditions subject to which the certificate of registration has been granted to it; or

(iii) at any time fails to fulfil any of the conditions referred to in sub-clauses (a) to (c) of sub-section (1) or sub-section (2) of Section 5; or

(iv) fails—

(a) to comply with the provisions of any law for the time being in force or any direction issued by the Reserve Bank under the provisions of this Act; or

(b) to submit or offer for inspection its books of account and other relevant documents when so demanded by the officers, persons or agency referred to in sub-section (1) of section 12.

(2) Before cancelling the certificate of registration granted to a credit information company under this section on the ground that the company has failed to comply with the conditions specified in clauses (a) to (c) of sub-section (1) or sub-section (2) of section 5 or the provisions of any other law for the time being in force or directions issued under this Act, the Reserve Bank, shall grant time to such company on such terms as the Reserve Bank may deem appropriate for taking necessary steps to comply with such directions or provisions or fulfilment of such conditions, within such time:

Provided that if the Reserve Bank is of the opinion that the delay in cancelling the certificate of registration of such company shall be prejudicial or detrimental to the public interest or banking policy or credit system or borrowers or other credit information companies, the Reserve Bank may cancel the certificate of registration without granting time as provided in sub-section (2).

(3) No order of cancellation of certificate of registration, granted to a credit information company, shall be made by the Reserve Bank unless such company has been given a reasonable opportunity of being heard.

7. (1) A credit information company aggrieved by the order of rejection of an application for grant of certificate of registration under section 5 or cancellation of certificate of registration under section 6, may prefer an appeal to the Central Government or any other authority or tribunal which may be designated by rules made by the Central Government, within a period of thirty days from the date on which such order of rejection or cancellation, as the case may be, is communicated to the credit information company.

Appeal against
order of Reserve
Bank.

(2) The decision of the Central Government or the authority or tribunal referred to in sub-section (1) where an appeal has been preferred to it under sub-section (1), or of the Reserve Bank where no such appeal has been preferred, shall be final:

Provided that before making any order of rejection of an appeal, the applicant company or the credit information company, as the case may be, shall be given a reasonable opportunity of being heard.

8. (1) The authorised capital of every credit information company shall be a minimum of thirty crores:

Requirement as to
minimum capital.

Provided that the Reserve Bank may, by notification, increase the minimum amount of authorised capital to any amount not exceeding fifty crores.

(2) The issued capital of every credit information company shall not be less than twenty crores:

Provided that the Reserve Bank may, by notification, increase the issued capital to any amount not exceeding the minimum amount of authorised capital as referred to in sub-section (1).

(3) The minimum paid up capital of every credit information company at any time shall not be less than seventy five per cent, of the issued capital.

CHAPTER III

MANAGEMENT OF CREDIT INFORMATION COMPANIES

9. (1) Notwithstanding anything contained in any law for the time being in force, or in any contract to the contrary, every credit information company in existence on the commencement of this Act, or which comes into existence thereafter, shall have one of its directors, who may be appointed on whole-time or on a part-time basis as chairperson of its board, and where he is appointed on whole-time basis as chairperson of its board, he shall be entrusted with the management of the whole of the affairs of the credit information company:

Management of
credit information
company.

Provided that the chairperson of the board of the credit information company shall exercise his powers subject to the superintendence, control and directions of the board.

(2) Where a chairperson is appointed on a part-time basis, the management of whole of the affairs of the credit information company shall be entrusted to a managing director or, a whole-time director by whatever name called, who shall exercise his powers subject to the superintendence, control and directions of the board.

(3) In addition to the chairperson or managing director or whole-time director, by whatever name called, the board of directors shall consist of not less than fifty per cent, directors who shall be persons having special knowledge in, or practical experience of, the matters relating to public administration, law, banking, finance, accountancy, management or information technology.

(4) In discharging its functions, the board shall act on business principles and shall have due regard to the interest of its specified users, credit institutions or the clients or borrowers of credit institutions.

(5) Where the Reserve Bank is satisfied that it is in the public interest or in the interest of banking policy or credit system of the country, or for preventing the affairs of any credit information company being managed in a manner detrimental to the interest of banking policy or credit institutions or borrowers or clients or for securing the proper management of any credit information company, it is necessary so to do, the Reserve Bank may, for reasons to be recorded in writing, by order published in the Official Gazette, supersede the board of such company, for such period not exceeding six months, as may be specified in the order and which may be extended from time to time, so, however, that the total period shall not exceed twelve months:

Provided that before making any such order, the Reserve Bank shall give a reasonable opportunity to the board of such credit information company to make representation against the proposed supersession and shall consider the representation, if any, of the board.

(6) The Reserve Bank may, on supersession of the board of a credit information company under sub-section (5), appoint an Administrator for such period and on such salary and other terms and conditions as it may determine.

(7) The Reserve Bank may issue such directions to the Administrator as it may deem appropriate and the Administrator shall be bound to follow such directions.

(8) Upon making of the order under sub-section (5), superseding the board of a credit information company—

(a) the chairperson, managing director and other directors of such credit information company shall, as from the date of supersession, vacate their offices as such;

(b) all the powers, functions and duties which may, by or under the provisions of the Companies Act, 1956 or this Act or any other law for the time being in force, be exercised or discharged, by or on behalf of the board of such credit information company, or by a resolution passed in general meeting of that company, shall, until the reconstitution of its board under sub-section (10), be exercised and discharged by the Administrator appointed by the Reserve Bank under sub-section (6):

1 of 1956.

Provided that the powers exercised by the Administrator shall be valid notwithstanding that such powers are exercisable by a resolution passed in the general meeting of such credit information company.

(9) The salary and allowances payable to the Administrator and staff assisting the Administrator shall be borne by the credit information company.

(10) On and before the expiration of two months before expiry of the period of supersession mentioned in the order of the Reserve Bank issued under sub-section (5), the Administrator of the credit information company, shall call a general meeting of the credit information company to elect new directors and reconstitute its board and any person who had vacated his office under clause (a) of sub-section (8), shall not be deemed to be disqualified for re-appointment.

(11) Notwithstanding anything contained in any law for the time being in force or in any contract or the memorandum or articles of association, of the credit information company, on the removal of a person from office under this section, that person shall not be entitled to claim any compensation for the loss or termination of office.

Power of Reserve Bank to determine policy.

10. Where the Reserve Bank is satisfied that it is necessary or expedient in the public interest or in the interest of specified users or in the interest of credit information companies or credit institutions or clients or borrowers so to do, it may determine the policy in relation to functioning of credit information companies or credit institutions or specified users generally or in particular and when the policy has been so determined all credit information companies, credit institutions and specified users, as the case may be, shall be bound to follow the policy as so determined.

11. (1) Where the Reserve Bank is satisfied that,—

Power of Reserve Bank to give directions.

- (a) in the public interest; or
- (b) in the interest of credit institutions; or
- (c) in the interest of specified users; or
- (d) in the interest of banking policy; or

(e) to prevent the affairs of any credit information company being conducted in a manner detrimental to the interests of its specified users or in a manner prejudicial to the interests of credit institutions or borrowers or clients; or

(f) to secure the proper management of credit information companies generally, it is necessary to issue directions to credit information companies or credit institutions or specified users generally or to any credit

information company or credit institution or specified user in particular, it may, from time to time, issue such directions as it deems fit, and such credit information companies, credit institutions and specified users or credit information company, credit institution, and specified user, as the case may be, shall be bound to comply with such directions.

(2) The Reserve Bank may, on representation made to it or on its own motion, modify or cancel any direction issued under sub-section (1), and the Reserve Bank, in so modifying or cancelling any direction, may impose such conditions as it thinks fit, subject to which the modification or cancellation shall have effect.

(3) The Reserve Bank may, at any time, if it is satisfied that in the public interest or in the interest of a credit information company or its members, it is necessary so to do, by order in writing and on such terms and conditions as may be specified therein,—

(a) require such credit information company to call a meeting of its directors for the purpose of considering any matter relating to or arising out of the affairs of the credit information company;

(b) depute one or more of its officers to watch the proceedings at any meeting of the board of the credit information company or of any committee or of any other body constituted by it and require the credit information company to give an opportunity to the officers so deputed to be heard at such meetings and also require such officers to send a report of such proceedings to the Reserve Bank;

(c) require the board of the credit information company or of any committee or any other body constituted by it to give in writing to any officer deputed by the Reserve Bank in this behalf at his usual address all notices of, and other communications relating to, any meeting of the board, committee or other body constituted by it;

(d) appoint one or more of its officers to observe the manner in which the affairs of the credit information company or of its offices or branches are being conducted and make a report thereon;

(e) require the credit information company to make, within such time as may be specified in the order, such changes in the management as the Reserve Bank may consider necessary.

(4) The Reserve Bank may, at any time, direct any credit information company to furnish it within such time as may be specified by the Reserve Bank, such statements and information relating to the business or affairs of the credit information company as the Reserve Bank may consider necessary or expedient to obtain for the purpose of this Act.

Inspection of credit
information
company, credit
institution and
specified user.

12. (1) Notwithstanding anything to the contrary contained in section 235 of the Companies Act, 1956, the Reserve Bank, at any time, may and on being directed so to do by the Central Government shall, cause an inspection to be made, by one or more of its officers or through such other persons or agency as the Reserve Bank may determine, of any credit information company or credit institution or specified user and their books and accounts; and the Reserve Bank shall supply to the credit information company or credit institution or specified user, as the case may be, a copy of its report on such inspection.

(2) It shall be the duty of every director or other officer or employee of the credit information company, credit institution and specified user to produce to any officer or person or agency, as the case may be, making an inspection under sub-section (1) all such books, accounts and other documents in his custody or power and to furnish him with any statement and information relating to the affairs of such credit information company, credit institution and specified user, as the said officer or person or agency may require of him within such time as the said officer or person or agency may specify.

(3) Any officer of the Reserve Bank or person or an agency making an inspection under sub-section (1) may examine on oath any director or other officer or employee of the credit information company, credit institution and specified user, in relation to their business, and may administer an oath accordingly.

(4) The expenses of, or incidental to, the inspection under sub-section (1) by any person or an agency referred to in sub-section (1) shall be borne by the concerned credit information company or credit institution or specified user, as the case may be.

CHAPTER IV

AUDITORS

Powers and duties
of auditors.

13. (1) It shall be the duty of an auditor of a credit information company to inquire whether or not the credit information company has furnished to the Reserve Bank such statements, information or particulars relating to its business as are required to be furnished under this Act and the auditor shall, except where he is satisfied on such inquiry that the credit information company has furnished such a statement, information or particulars, make a report to the Reserve Bank in this regard.

(2) The Reserve Bank may, on being satisfied that it is necessary so to do, in the public interest or in the interest of credit system, issue directions in particular or in general with respect to audit of the credit information company and submission of the report to the Reserve Bank.

(3) Where the Reserve Bank is of the opinion that it is necessary so to do in the public interest or in the interest of the credit information company or its members, or in the interest of credit system or credit institution or its borrower or client so to do, it may, at any time, by an order, direct that a special audit of the accounts of the credit information company in relation to any such transaction or class of transactions or for such period or periods, as may be mentioned in the order, shall be conducted and the Reserve Bank may by such order or by a separate order either appoint an auditor or auditors or direct the auditor of the credit information company himself to conduct such special audit and the auditor shall comply with such directions and make a report of such audit to the Reserve Bank and forward a copy thereof to the credit information company.

(4) The remuneration of the auditors as may be fixed by the Reserve Bank, having regard to the nature and volume of work involved in the audit and the expenses of, or incidental to, the audit, shall be borne by the credit information company so audited.

CHAPTER V**FUNCTIONS OF CREDIT INFORMATION COMPANIES**

14. (1) A credit information company may engage in any one or more of the following forms of business, namely:—

Functions of a credit information company.

(a) to collect, process and collate information on trade, credit and financial standing of the borrowers of the credit institution which is a member of the credit information company;

(b) to provide credit information to its specified users or to the specified users of any other credit information company or to any other credit information company being its member;

(c) to provide credit scoring to its specified users or specified users of any other credit information company or to other credit information companies being its members;

(d) to undertake research project;

(e) to undertake any other form of business which the Reserve Bank may, specify by regulations as a form of business in which it is lawful for a credit information company to engage.

(2) No credit information company shall engage in any form of business other than those referred to in sub-section (1).

(3) Any credit information company for the purposes of carrying on the business of credit information may—

(a) register credit institutions and other credit information companies, at their option as its member, subject to such terms and conditions as may be pre-determined and disclosed by such credit information company;

(b) charge such reasonable amount of fees, as it may deem appropriate not exceeding the maximum fee, as may be specified under section 27, for furnishing credit information to a specified user;

(c) generally to do all such other acts and perform such other functions as are necessary to facilitate proper conduct of its affairs, business and functions in accordance with the provisions of this Act.

15. (1) Every credit institution in existence on the commencement of this Act, before the expiry of three months from such commencement or within such extended period, as the Reserve Bank may allow on its application and subject to being satisfied about the reason for extension, shall become member of at least one credit information company.

Credit Institution to be member of a credit information company.

(2) Every credit institution which comes into existence after the commencement of this Act, before the expiry of three months from its coming into existence, or within such extended period, as the Reserve Bank may allow on its application and subject to being satisfied about the reason for extension, shall become member of at least one credit information company.

(3) A credit information company may, at its option, become member of another credit information company.

(4) No credit information company shall refuse to register a credit institution or another credit information company as its member without providing reasonable opportunity of being heard to such credit institution or credit information company, whose application it proposes to reject and recording reasons for such rejection and a copy of such order of rejection shall be forwarded to the Reserve Bank.

(5) A credit institution or credit information company aggrieved by the order of rejection of its application for its registration as a member of a credit information company under sub-section (4) may prefer an appeal to the Reserve Bank, within a period of thirty days from the date on which such order of rejection was communicated to it:

Provided that the Reserve Bank may, if it is satisfied that the appellant was prevented by sufficient cause from filing the appeal within the said period, allow it to be filed within a further period not exceeding thirty days.

(6) On receipt of an appeal under sub-section (5), the Reserve Bank, after giving the appellant and other concerned parties, an opportunity of being heard, pass such order as it deems fit.

(7) The decision of the Reserve Bank where an appeal has been preferred to it under sub-section (5) shall be final and the order of the credit information company under sub-section (4) shall be final after the expiry of the said period of thirty days where no appeal has been preferred under that sub-section to the Reserve Bank.

(8) Every specified user shall be entitled to obtain credit information for its use from the credit information company of which such specified user is a member.

Failure to become a member of a credit information company.

16. (1) Where a credit institution—

(a) abstains from becoming a member of at least one credit information company; or

(b) at any time is not a member of any credit information company, the Reserve Bank *suo motu* or on a complaint from a credit information company may, direct such credit institution to take necessary steps within such time, as it may specify to become a member of a credit information company.

(2) In case a credit institution fails to comply, with the directions of the Reserve Bank under sub-section (1), to become member of at least one credit information company, the Reserve Bank may, without prejudice to the provisions of this Act, intimate such failure to any other authority for taking such action as it may deem fit.

Collection and furnishing of credit information.

17. (1) A credit information company or any person authorised in that behalf by the company may, by notice in writing, in such form, as may be specified by regulations made by the Reserve Bank or as near thereto, require its members being credit institution or credit information company, to furnish such credit information as it may deem necessary in accordance with the provisions of this Act.

(2) Every credit institution which is member of the credit information company and every credit information company which is a member of other credit information company shall, on receipt of notice under sub-section (1), provide credit information to the credit information company of which it is a member, within such period as may be specified in the notice.

(3) Every credit information company shall provide for such purpose, as may be specified by regulations, the credit information received under sub-section (2), to its specified user on receipt of request from him in accordance with the provisions of this Act and directions issued thereunder by the Reserve Bank from time to time in this behalf.

(4) No credit information received under this Act,—

(a) by the credit information company, shall be disclosed to any person other than its specified user; or

(b) by the specified user, shall be disclosed to any other person;

(c) by the credit information company or specified user, shall be disclosed for any other purpose than as permitted or required by any other law for the time being in force.

26 of 1996.

18. (1) Notwithstanding anything contained in any law for the time being in force, if any dispute arises amongst, credit information companies, credit institutions, borrowers and clients on matters relating to business of credit information and for which no remedy has been provided under this Act, such disputes shall be settled by conciliation or arbitration as provided in the Arbitration and Conciliation Act, 1996, as if the parties to the dispute have consented in writing for determination of such dispute by conciliation or arbitration and provisions of that Act shall apply accordingly.

Settlement of
dispute.

(2) Where a dispute has been referred to arbitration under sub-section (1), the same shall be settled or decided,—

(a) by the arbitrator to be appointed by the Reserve Bank;

(b) within three months of making a reference by the parties to the dispute:

Provided that the arbitrator may, after recording the reasons therefor, extend the said period up to a maximum period of six months:

26 of 1996.

Provided further that, in an appropriate case or cases, the Reserve Bank may, if it considers necessary to do so (reasons to be recorded in writing), direct the parties to the dispute to appoint an arbitrator in accordance with the provisions of the Arbitration and Conciliation Act, 1996, for settlement of their dispute in accordance with the provisions of that Act.

26 of 1996.

(3) Save as otherwise provided under this Act, the provisions of the Arbitration and Conciliation Act, 1996 shall apply to all arbitration under this Act as if the proceedings for arbitration were referred for settlement or decision under the provisions of the Arbitration and Conciliation Act, 1996.

CHAPTER VI

INFORMATION PRIVACY PRINCIPLES AND FURNISHING OF CREDIT INFORMATION

19. A credit information company or credit institution or specified user, as the case may be, in possession or control of credit information, shall take such steps (including security safeguards) as may be prescribed, to ensure that the data relating to the credit information maintained by them is accurate, complete, duly protected against any loss or unauthorised access or use or unauthorised disclosure thereof.

Accuracy and security of credit information.

20. Every credit information company, credit institution and specified user, shall adopt the following privacy principles in relation to collection, processing, collating, recording, preservation, secrecy, sharing and usage of credit information, namely:—

Privacy principles.

(a) the principles—

(i) which may be followed by every credit institution for collection of information from its borrowers and clients and by every credit information company, for collection of information from its member credit institutions or credit information companies, for processing, recording, protecting the data relating to credit information furnished by, or obtained from, their member credit institutions or credit information companies, as the case may be, and sharing of such data with specified users;

(ii) which may be adopted by every specified user for processing, recording, preserving and protecting the data relating to credit information furnished, or received, as the case may be, by it;

(iii) which may be adopted by every credit information company for allowing access to records containing credit information of borrowers and clients and alteration of such records in case of need to do so;

(b) the purpose for which the credit information may be used, restriction on such use and disclosure thereof;

(c) the extent of obligation to check accuracy of credit information before furnishing of such information to credit information companies or credit institutions or specified users, as the case may be;

(d) preservation of credit information maintained by every credit information company, credit institution, and specified user as the case may be (including the period for which such information may be maintained, manner of deletion of such information and maintenance of records of credit information);

(e) networking of credit information companies, credit institutions and specified users through electronic mode;

(f) any other principles and procedures relating to credit information which the Reserve Bank may consider necessary and appropriate and may be specified by regulations.

Alteration of credit information files and credit reports.

21. (1) Any person, who applies for grant or sanction of credit facility, from any credit institution, may request to such institution to furnish him a copy of the credit information obtained by such institution from the credit information company.

(2) Every credit institution shall, on receipt of request under sub-section (1), furnish to the person referred to in that sub-section a copy of the credit information subject to payment of such charges, as may be specified by regulations, by the Reserve Bank in this regard.

(3) If a credit information company or specified user or credit institution in possession or control of the credit information, has not updated the information maintained by it, a borrower or client may request all or any of them to update the information; whether by making an appropriate correction, or addition or otherwise, and on such request the credit information company or the specified user or the credit institution, as the case may be, shall take appropriate steps to update the credit information within thirty days after being requested to do so:

Provided that the credit information company and the specified user shall make the correction, deletion or addition in the credit information only after such correction, deletion or addition has been certified as correct by the concerned credit institution:

Provided further that no such correction, deletion or addition shall be made in the credit information if any dispute relating to such correction, deletion or addition is pending before any arbitrator or tribunal or court and in cases where such dispute is pending, the entries in the books of the concerned credit institution shall be taken into account for the purpose of credit information. ;

Unauthorised
access to credit
information.

22. (1) No person shall have access to credit information in the possession or control of a credit information company or a credit institution or a specified user unless the access is authorised by this Act or any other law for the time being in force or directed to do so by any court or tribunal and any such access to credit information without such authorisation or direction shall be considered as an unauthorised access to credit information.

(2) Any person who obtains unauthorised access to credit information as referred to in sub-section (1) shall be punishable with fine which may extend to one lakh rupees in respect of each offence and if he continues to have such unauthorised access, with further fine which may extend to ten thousand rupees for every day on which the default continues and such unauthorised credit information shall not be taken into account for any purpose.

CHAPTER VII

OFFENCES AND PENALTIES

Offences and
penalties.

23. (1) Whoever, in any return or other document or in any information required or furnished by, or under, or for the purposes of, any provision of this Act, wilfully makes a statement which is false in any material particular, knowing it to be false, or wilfully omits to make a material statement, shall be punishable with imprisonment; for a term which may extend to one year and shall also be liable to fine.

(2) Every credit information company or a credit institution or any specified user, wilfully, performing any act or engaging in any practice, in breach of any of the principles referred to in section 20, shall be punishable with fine not exceeding one crore rupees.

(3) Any credit information company or credit institution or specified user wilfully providing to any other credit information company or credit institution or specified user or borrower or client, as the case may be,

credit information which is false in any material particular, knowing it to be false, or wilfully omits to make a material statement, shall be punishable with fine which may extend to one crore rupees.

(4) Any person who contravenes any provision of this Act or of any rule or order made thereunder, or obstructs the lawful exercise of any power conferred by or under this Act, or makes default in complying with any requirement of this Act or of any rule or order made or direction issued thereunder, shall, if no specific provision is made under this Act for punishment of such contravention, obstruction or default, be punishable with fine which may extend to one lakh rupees and where a contravention or default is a continuing one, with a further fine which may extend to five thousand rupees for every day during which the contravention or default continues.

(5) Where a contravention or default has been committed by a credit information company or credit institution or specified user, as the case may be, every person who, at the time the contravention or default was committed, was in charge of, and was responsible to the credit information company or credit institution or specified user for the conduct of its business, shall be deemed to be guilty of the contravention or default and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment provided in this Act if he proves that the contravention or default was committed without his knowledge or that he exercised all due diligence to prevent the contravention or default.

(6) Notwithstanding anything contained in sub-section (5), where a contravention or default has been committed by a credit information company or credit institution or specified user, as the case may be, and it is proved that the same was committed with the consent or connivance of, or is attributable to any gross negligence on the part of its chairperson, managing director, any other director, manager, secretary or other officer of the credit information company or the credit institution, such chairperson, managing director, any other director, manager, secretary or other officer shall also be deemed to be guilty of that contravention or default and shall be liable to be proceeded against and punished accordingly.

Explanation.— For the purposes of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals, and

(b) “director”, in relation to a firm, means a partner in the firm.

24. (1) No court shall take cognizance of any offence committed by a member of a credit information company and punishable under section 23 except upon a complaint in writing made by an officer of the credit information company generally or specially authorised in writing in this behalf by the credit information company or if so directed by the Reserve Bank so to do and no court other than that of a Metropolitan Magistrate or a Judicial Magistrate of the first class or any court superior thereto shall try any such offence.

Cognizance of offences.

Explanation.—For the purposes of this sub-section, “member of a credit information company” shall mean a member referred to in Section 15.

(2) No court shall take cognizance of any offence committed by a credit information company punishable under Section 23 except upon a complaint in writing made by an officer of the Reserve Bank generally or specially authorised in writing in this behalf by the Reserve Bank and no court other than that of a Metropolitan Magistrate or a Judicial Magistrate of the first class or any court superior thereto shall try any such offence.

25. (1) Notwithstanding anything contained in Section 23, if a contravention or default of the nature referred to in sub-section (2) of Section 22 or sub-section (2) or sub-section (3) or sub-section (4) of Section 23, as the case may be, is made by a credit information company or a credit institution then, the Reserve Bank may impose on such credit information company or credit institution—

Power of Reserve Bank to impose penalty.

(i) where the contravention is of the nature referred to in sub-section (2) of section 22, a penalty not exceeding one lakh rupees;

(ii) where the contravention is of the nature referred to in sub-section (2) or sub-section (3) of section 23, a penalty not exceeding one crore rupees;

(iii) where the contravention is of the nature referred to in sub-section (4) of section 23, a penalty not exceeding one lakh rupees and where such contravention or default is continuing one, a further penalty which may extend to five thousand rupees for every day, after the first, during which the contravention or default continues.

(2) For the purpose of adjudging the penalty under sub-section (1), the Reserve Bank shall serve notice on credit information company or credit institution or specified user, as the case may be, requiring it to show cause as to why the amount mentioned in the notice should not be imposed as penalty and a reasonable opportunity of being heard shall also be given to such credit information company or credit institution or specified user, as the case may be.

(3) No complaint shall be filed against credit information company or credit institution or specified user, as the case may be, in any court of law in respect of any contravention or default in respect of which any penalty has been imposed by the Reserve Bank under this section.

(4) Any penalty imposed by the Reserve Bank under this Act shall be payable within a period of fourteen days from the date on which notice issued by the Reserve Bank demanding payment of the sum is served on the credit information company or credit institution or specified user, as the case may be, and in the event of failure of such credit information company or credit institution or specified user to pay the sum within such period, may be levied on a direction made by the principal civil court having jurisdiction in the area where the registered office of the credit information company or credit institution or specified user, being a company, is situated and in case of credit institution incorporated outside India, where its principal place of business in India is situated:

Provided that such direction under this sub-section shall be made only upon an application made in this behalf to the court by the Reserve Bank.

(5) The court which makes a direction under sub-section (4) shall issue a certificate mentioning therein the sum payable by a credit information company or credit institution or specified user, as the case may be, and every such certificate shall be enforceable in the same manner as if it were a decree made by the court in a civil suit.

(6) Where any complaint has been filed against credit information company or credit institution or specified user, as the case may be, in any court in respect of the contravention or default of the nature referred to in sub-section (2) of section 22 or sub-section (2) or sub-section (3) or sub-section (4) of section 23, then, no proceedings for the imposition of any penalty on the credit information company or credit institution or specified user shall be taken under this section.

Application of fines.

26. A court imposing any fine under this Act may direct that the whole or any part thereof shall be applied in or towards payment of the costs of the proceedings, or for such purposes as may be directed by the court.

CHAPTER VIII

MISCELLANEOUS

Power of Reserve Bank to specify maximum amount of fees.

27. The Reserve Bank may, specify, by regulations the maximum amount of fees leviable under sub-section (3) of section 14 for providing information to the specified users and for admissions of credit institutions or credit information companies as a member of a credit information company.

28. No chairperson, director, member, auditor, adviser, officer or other employee or agent employed in the business of a credit information company or in the business of a specified user shall, except for the purposes of this Act or when required to do so by any other law in force or court or tribunal or authority, disclose any information to any person.

Disclosure of information before any court or tribunal or authority.

29. (1) Every credit information company shall observe, except as otherwise required by law, the practices and usages customary among credit information companies and it shall not divulge any information relating to, or to the affairs of, its: members or specified users.

Obligations as to fidelity and secrecy.

(2) Every chairperson, director, member, auditor, adviser, officer or other employee of a credit information company shall, before entering upon his duties, make a declaration of fidelity and secrecy in the form, as may be prescribed in this regard.

Explanation.—For the purposes of this section and section 30, the terms “practices and usages customary” means such practices and usages which, are generally followed by credit information companies or may develop in due course in relation to their functions, in pursuance of the provisions of this Act, rules and regulations made and directions issued thereunder from time to time in pursuance thereof.

30. (1) No suit or other legal proceedings or prosecution shall lie against the Reserve Bank or the Central Government or credit information company or credit institution, or their chairperson, director, member, auditor, adviser, officer or other employee, or agent or any person authorised by the Reserve Bank or the Central Government or credit information company or credit institution to discharge any function under this Act, for any loss or damage caused or as is likely to be caused by anything which is in good faith done or intended to be done, in pursuance of this Act or any other law for the time being in force.

Protection of action taken in good faith.

(2) Nothing contained in sub-section (1) shall affect the right of any person to claim damages against a credit information company, a credit institution or their chairperson, director, member, auditor, adviser, officer or other employee or agents, as the case may be, in respect of loss caused to him on account of any such disclosure made by anyone of them and which is unauthorised or fraudulent or contrary to provisions of this Act, or practices or usages customary among them.

31. No court or authority shall have, or be entitled to exercise, any jurisdiction, powers or authority, except the Supreme Court and a High Court exercising jurisdiction under articles 32, 226 and 227 of the Constitution, in relation to the matters referred to in sections 4, 5, 6, 7 and 18.

Bar of jurisdiction.

32. (1) The Central Government may, on the recommendation of the Reserve Bank, by notification in the Official Gazette, direct that any or all of the provisions of this Act shall not apply to any credit information company or a credit institution, as the case may be, either generally or for such period and subject to such exceptions or modifications, as may be mentioned in that notification.

Power of Reserve Bank to exempt in certain cases.

(2) A copy of every notification proposed to be issued under sub-section (1), shall be laid in draft before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in disapproving the issue of the notification or both Houses agree in making any modification in the notification, the notification shall not be issued or, as the case may be, shall be issued only in such modified form as may be agreed upon by both the Houses.

1 of 1956.

33. The provisions of this Act shall be in addition to, and not, save as provided under this Act, in derogation of, the provisions of the Companies Act, 1956 or any other law for the time being in force.

Application of other laws not barred.

34. The enactments mentioned in the Schedule to this Act shall be amended in the manner specified therein.

Amendment of certain enactments.

Removal of difficulties.

35. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act as appear to it to be necessary or expedient for removing the difficulty:

Provided that no order shall be made under this section after the expiry of a period of two years from the commencement of this Act.

(2) Every order made under this section shall be laid, as soon as may be after it is made, before each House of Parliament.

Power to make rules.

36. (1) The Central Government may, after consultation with the Reserve Bank, by notification in the Official Gazette, make rules to carry out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters, namely:—

(a) the authority or tribunal which may be designated under sub-section (1) of Section 7;

(b) the steps to be taken by every credit information company or credit institution and specified user for ensuring accuracy, completeness of data and protection of data from any loss or unauthorised access or use or disclosure under Section 19;

(c) the form in which a declaration of fidelity and secrecy shall be made under sub-section (2) of Section 29;

(d) any other matter which is required to be, or may be, prescribed,

(3) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

Power of Reserve
Bank to make
regulations.

37. (1) The Reserve Bank may make regulations consistent with the provisions of this Act and the rules made thereunder to carry out the purposes of this Act.

(2) In particular, and without prejudice to the generality of the foregoing powers, such regulations may provide for all or any of the following matters, namely:—

(a) the persons or institutions which may be specified as specified users under clause (1) of Section 2;

(b) the form in which application may be made under sub-section (1) of Section 4 and the manner of filing such application under that sub-section;

(c) any other form of business in which a credit information company may engage under clause (e) of sub-section (1) of Section 14;

(d) the form of notice for collection and furnishing of information procedure relating thereto and purposes for which credit information may be provided under sub-sections (1) and (2) of Section 17;

(e) the principles and procedures relating to credit information which may be specified under clause (1) of Section 20;

(f) the amount which may be required to be paid for obtaining copy of credit information under sub-section (2) of Section 21;

(g) the maximum amount of charges payable under Section 27.

(3) Every regulation, as soon as may be after it is made by the Reserve Bank, shall be forwarded to the Central Government and that Government shall cause a copy of the same to be laid before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation, or both Houses agree that the regulation should not be made, the regulation shall, thereafter, have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation.

THE SCHEDULE

(See section 34)

AMENDMENTS TO CERTAIN ENACTMENTS

PART I

THE RESERVE BANK OF INDIA ACT, 1934

(2 of 1934)

Section 45E, sub-section (2), after clause (c), insert—

“(d) the disclosures of any credit information under the Credit Information Companies (Regulation) Act, 2005.”

PART II

THE BANKING REGULATION ACT, 1949

(10 OF 1949)

1. Section 19, after sub-section (3), insert—

“(4) Save as provided in clause (c) of sub-section (1), a banking company may form a subsidiary company to carry on the business of credit information in accordance with the Credit Information Companies (Regulation) Act, 2005.”.

2. Section 28, for “publish any information obtained by them under this Act in such consolidated form as they think fit”, substitute—

“publish—

(a) any information obtained by them under this Act in such consolidated form as they think fit;

(b) in such manner as they may consider proper, any credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.”.

PART III

THE STATE FINANCIAL CORPORATION ACT, 1951

(63 of 1951)

Section 40, after sub-section (3), insert—

“(4) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.”.

PART IV

THE STATE BANK OF INDIA ACT, 1955

(23 of 1955)

Section 44, after sub-section (2), insert—

“(3) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.”.

PART V

THE STATE BANK OF INDIA (SUBSIDIARY BANKS) ACT, 1959

(38 of 1959)

Section 52, after sub-section (2), insert—

“(3) Nothing contained in this section shall apply to the credit information, disclosed under the Credit Information Companies (Regulation) Act, 2005.”.

PART VI

THE DEPOSIT INSURANCE AND CREDIT GUARANTEE CORPORATION
ACT, 1961

(47 of 1961)

Section 39, after sub-section (2), insert—

“(3) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.”.

PART VII

THE STATE AGRICULTURAL CREDIT CORPORATIONS ACT, 1968

(60 of 1968)

Section 40, Insert—

“Pro vided that nothing contained in this section shall apply to (the credit information disclosed unde; the Credit Information Companies (Regulation) Act, 2005.”.

PART VIII

THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF
UNDERTAKINGS) ACT, 1970

(5 of 1970)

Section 13, after sub-section (3), insert—

“(4) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.”.

PART IX

THE BANKING COMPANIES (ACQUISITION AND TRANSFER OF
UNDERTAKINGS) ACT, 1980

(40 of 1980)

Section 13, after sub-section (3), insert—

“(4) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.”.

PART X

THE EXPORT-IMPORT BANK OF INDIA ACT, 1981

(28 of 1981)

Section 30, after sub-section (3), insert—

“(4) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 200”.

PART XITHE NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT
ACT, 1981

(61 of 1981)

Section 51, after sub-section (2), insert—

“(3) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.”

PART XIITHE PUBLIC FINANCIAL INSTITUTIONS (OBLIGATION AS TO FIDELITY AND
SECRECY) ACT, 1983

(48 of 1983)

Section 3, after sub-section (2), insert—

“(3) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.”

PART XIII

THE NATIONAL HOUSING BANK ACT, 1987

(53 OF 1987)

Section 44, after sub-section (2), insert—

“(3) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.”

PART XIV

THE REGIONAL RURAL BANKS ACT, 1976

(21 of 1976)

Section 25, after sub-section (2), insert—

“(3) Nothing contained in this section shall apply to the credit information disclosed under the Credit Information Companies (Regulation) Act, 2005.”

THE HIRE-PURCHASE (REPEAL) ACT, 2005

AN

ACT

to repeal the Hire-purchase Act, 1972.

BE it enacted by Parliament in the Fifty-sixth Year of the Republic of India as follows:—

1. This Act may be called the Hire-purchase (Repeal) Act, 2005.
2. The Hire-purchase Act, 1972 is hereby repealed.

Short title.

Repeal of Act 26 of
1972.

A.K. SANGMA,
Under Secretary to the Govt. of Meghalaya,
Law (B) Department.
